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Mkt. for Legal Serv. to Law Firms
and Corporate Legal Depts.

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ANALYSIS OF THE MARKET FOR LEGAL SERVICES
TO LAW FIRMS AND CORPORATE LEGAL DEPARTMENTS

JUNE 3, 1976

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I. INTRODUCTION

I. INTRODUCTION

- The purpose of this study was to enable Input to provide Optimum Systems, Inc., with an "Analysis of the Market for Legal Services to Law Firms and Corporate Legal Departments." Litigation support services and word processing (WP) were the main applications of interest.
- The study was conducted in two phases, one prior to, and one following a mid-term meeting between Input and OSI staff members.
- Phase 1 included interviews with 10 law firms in three cities, plus 7 of the top 50 California Corporations, and one \$1.4 Billion Dallas Corporation. Descriptive data on these interviewees is given in Exhibit I-1. The number in the "WP" column indicates how many WP units are in use.
- Vendors of services to the legal industry were also contacted and interviewed, as shown in Exhibit I-2.
- As a result of these interviews:
 - Input and OSI agreed to stop interviewing corporations, as no encouraging results had been obtained. Most corporations who were interviewed sent their litigation work to an outside law firm.
 - Input recommended, and OSI agreed, to concentrate on the San Francisco area for the balance of the survey because:

EXHIBIT I-1

FIRST HALF OF STUDY INTERVIEWEES

INPUT #	LAW OFFICE	CORPORATION	CITY	# OF ATTYS	USING LITIGATION SUPPORT	WP*
102		X	L.A.	5	NO	NO
103		X	L.A.	60	NO	WPC
104		X	L.A.	30	NO	NO
106		X	L.A.	8	NO	NO
107		X	Dallas	6	NO	NO
108		X	L.A.	1	NO	NO
110		X	L.A.	35	NO	WPC
111		X	L.A.	10	NO	BOWNE
150	X		L.A.	50	NO	10
151**	X		L.A.	18	NO	NO
152	X		L.A.	58	NO	18
153	X		L.A.	180	MINI	22
154**	X		Dallas	25	NO	5
155	X		L.A.	90	LEXIS	11
157	X		Chicago	106	NO	15
158	X		Chicago	98	LEXIS	9
159	X		Chicago	70	NO	30
160	X		Chicago	56	NO	3

* WPC = Word Processing Center Elsewhere in Corporation

** Possible potential client.

EXHIBIT I-2

VENDORS OF LEGAL SUPPORT SERVICES INTERVIEWED

NAME	PRODUCTS OR SERVICES OFFERED				
	PRODUCT	LITIGATION SUPPORT	DOCUMENT RESEARCH	WP	BILLING OR ACCTG.
Aspen Systems		X	X		
Boeing Computer Services					X
Bowne	WORD ONE	X		X	
CDC		X			
Computer Reserach				X	X
Informatics		X			
Interstate Business Services					X
Mead	LEXIS				
Memorex			- NONE -		
Micom Systems					X
Sysgen, Inc.	ATARS				X
West Publish- ing	WESTLAW		X		

- Not enough geographical discrimination could be obtained.
- No firm interviewed was using litigation support other than library retrieval (LEXIS).
- OSI has three clients already in San Francisco
- OSI staff could not support San Francisco and train people in other cities
- OSI needed only one more client in San Francisco to become profitable
- OSI has not yet completed the documentation to do an effective marketing program without substantial assistance from the four person staff
- San Francisco should be treated as a "model city," where the marketing techniques, system support, and product performance prove themselves capable of yielding a model for profitable operations in other cities.

● Phase 2:16 User interviews were then conducted in San Francisco. Data on those interviewees are tabulated in Exhibit I-3.

- Eight of those are considered by Input to have high potential as OSI future clients, and are marked "P."
- The eight interviewees above will be separately identified.

● Firms smaller than 20 attorneys were also interviewed in Phase 2 because of reports from other vendors who claimed to have successful installations in 2-4 attorney offices.

EXHIBIT I-3

INTERVIEWED LAW OFFICES IN SAN FRANCISCO

SERVICES USED					
INPUT #	STATUS	# OF ATTORNEYS	LITIGATION SUPPORT	DOCUMENT RESEARCH	WP
161		8	NO	NO	NO
162		9	NO	NO	2
163		5	NO	NO	NO
164		8	NO	NO	NO
165		2	NO	NO	NO
166		2	NO	NO	NO
167		19	NO	NO	1
168		75	NO	NO	7
169	P	4	NO	NO	2
170	P	100	NO	NO	MINI
171	P	75	NO	LEXIS	10
172	P	35	NO	NO	3
173	P	48	NO	NO	8
174	P	43	NO	NO	16
175	P	38	NO	NO	8
176	P	100	NO	NO	11

II. MANAGEMENT ACTION SUMMARY

INPUT

- In an effort to reduce the length of the questionnaire, questions regarding office staff and billing activities were deleted, as not seemingly contributing sufficiently to the desired study results.
- Additional interviews were held with Stanford Law School, administrative members of the American Bar Assn.; and other organizations potentially capable of furthering the study results.
- This report is the result of the above interviews. It summarizes the interview results, and makes appropriate recommendations to OSI.

II MANAGEMENT ACTION SUMMARY

THE MARKET

- Litigation support services will grow at 33% per year from a 1975 level of \$5 million to a 1980 level of \$21 million. The 1980 level will represent a 10% penetration of potential.
- Word Processing (WP) Services which are distinctly separated from litigation support activities, are currently at a \$400K level, and will increase by 33% to \$2 million in 1980 for the law industry.
- The field is presently dominated by four nearly equalized vendors:
 - Aspen
 - Bowne
 - CDC
 - Informatics
- With diligent effort, OSI should be able to achieve a sales level of \$1 million per year in litigation support by the end of 1977, with only one main law support office in the Bay Area supporting sales in Los Angeles.
- The litigation support market has greater potential in law firms than in corporate law offices. Corporations tend to have outside counsel handle their litigation.

- Corporations overall are better targets for WP than the corporate law office, as the WP center is used by all departments.

THE PRODUCT

- OSI's product mix should be augmented to include attorney time management and billing.
- Word processing and Time and Billing services should be marketed nationally as OSI products. Litigation support should be marketed locally, by experts, as an industry product.
- Part of OSI's product needs to be the people resources to do coding, abstracting, indexing, and all the other "front end" activities of data entry and data base management.

TIMING

- Recommendations in this report cover the next 18 months. During that time, OSI should have accomplished the following tasks, in the order specified:

1. Made San Francisco (SF) operations profitable.
2. Developed a tested sales/marketing plan, with appropriate brochures and staff, and launched a major education/advertising program.
3. Hired an attorney who understands EDP, and who will get professional publicity arranged.
4. Acquired a financial support capability for the law office.

5. Opened the Los Angeles area with one well trained legal staff member who is supported from the Bay Area.
6. Achieved a sales rate of \$1 million per year in litigation support services, and \$250K per year in law related (but not litigation related) word processing.

EDUCATION AND IMAGE

- Without a doubt, the major issue confronting OSI and other vendors of litigation support services is to get more attorneys educated as to what the service is - particularly to discriminate it from WP and the library research type of work done by Mead (LEXIS) and West Publishing (WESTLAW).

- OSI needs to give the product a name, and to establish a company image and a product image. Virtually none of those interviewed could recall the name of a vendor, although they complain of constant visits from sales men. A few could remember a product name.

- Prestigious articles in ABA publications, and presentations at ABA meetings may be difficult, but are possible, and must be pursued vigorously.

SUMMARY

- OSI can succeed in becoming one of five controlling firms in this industry, with law revenues of \$4-\$5 million by 1980.

III. MARKET ANALYSIS

III. MARKET ANALYSIS

The "market" for legal services can be divided into four major categories:

- Litigation support - document input and retrieval
- Legal research
- Word processing
- Time management, office accounting and billing

LITIGATION SUPPORT AND LEGAL RESEARCH

- Those interviewed generally do not distinguish between litigation support, legal research, and word processing in support of litigation done on an office IBM Mag Card system.
- The major problem confronting OSI in this marketplace is one of education - what is litigation support?
- Of the 26 law offices interviewed, only three could name a firm or product comparable to OSI's litigation support. They named CDC, Bowne, and Word One (Bowne). Eight others named Mead/Lexis, or Westlaw. Differentiation between the name of the firm (Mead, West Publishing) and the name of the product (LEXIS, WESTLAW) was not evident.
- San Francisco interviewees were more aware of vendor names and products than those in other geographic areas. LEXIS was most often mentioned, in all regions.

- Only one of the corporations interviewed had any knowledge about litigation support, and could identify Bowne as a vendor. However, there was no interest. Most interviewed corporations do not do their own litigation work.
- The initial series of interviews gave no indication of geographic differences. The concentration of interviews in San Francisco shows that region to be more knowledgeable, better organized for EDP utilization decisions, and quite interested in knowing more about legal support services.
- Litigation support is generally viewed as a client expense, and is considered on a case basis. Legal research is considered an office overhead expense, and is thus more difficult to justify.
- The number of attorneys in the firm who are involved in litigation is not an accurate indicator of the potential use of litigation support. Although none of those interviewed were using litigation support services at present, the larger firms are those using research services, as shown in Exhibit III-1, and would thus be more likely candidates.
- Interviews with competing vendors, however, indicate that litigation support services are provided on a case basis, and some of their clients have 2-4 attorneys in their office.
- Conclusion: These interviews do not provide a statistical basis for assessing potential clients for litigation in support according to the number of attorneys in the firm. Larger firms intuitively appear more likely.

EXHIBIT III-1

LAW FIRMS USING OR CONSIDERING
LITIGATION SUPPORT OR RESEARCH

INPUT #	# OF ATTYS	# OF ATTYS IN LITIGATION	CITY	PRODUCT		
				USED	BEING USED	BEING CON- SIDERED
153	180	75	Dallas		LEXIS	
155	90	14	L.A.		LEXIS	
158	98	12	CHICAGO		LEXIS	
170	100	?	S.F.			LEXIS
171	75	60	S.F.		LEXIS	
173	48	40	S.F.			X
176	100	50	S.F.	X		

WORD PROCESSING

CORPORATE LAW OFFICES

- Four out of eight corporate law offices interviewed had WP capability.
- Only one corporate law office had its own WP machines - four IBM Mag Cards, in a WP Center.
- Two corporate law offices used a common corporate WP Center.
- One corporate office used Bowne Timesharing for text editing.
- Conclusion: Corporations are better potential clients than are corporate law offices. Word processing is a non-specialized product which has application in all elements of a corporation.

LAW FIRMS

- Twenty-one (81%) of the 26 law offices interviewed had one or more word processing machines. Of these, 20 used IBM Mag Card, and one used Redactron.
- The five non-users had eight or fewer attorneys.
- Nearly half (12) of the 26 firms with WP equipment are considering or using computer support to their WP equipment, as shown in Exhibit III-2.
- All firms considering using computer support to their existing WP equipment have 18 or more attorneys, with 1 to 30 WP machines. The median size firm has 30-40 attorneys using WP, and about 60 attorneys total.

EXHIBIT III-2

FIRMS CONSIDERING OR USING COMPUTER
SUPPORT FOR THEIR W.P.

INPUT #	CITY	# OF ATTYS	# OF ATTYS USING W.P.	# OF W.P. MACHINES	COMMENT
150	L.A.	50	40	10	UNDER CONSIDERATION
152	L.A.	58	58	18	CONSIDERING "BARRISTER"
153	L.A.	180	--	22	TRIAL DACONIC MINI-SYSTEM
157	CHI	106	20	15	USING CLIENT'S COMPUTER
158	CHI	98	50	9	MINI ON ORDER (LCS CORP)
159	CHI	90	60	30	CONSIDERING-PREFER LEASE
167	S.F.	19	19	1	CONSIDERING
170	S.F.	100	--	1	USING "BARRISTER"
172	S.F.	35	18	3	SEEMS TOO EXPENSIVE
174	S.F.	43	43	16	LOOKING AT EQUIPMENT NOW
175	S.F.	38	30	8	UNDER CONSIDERATION
176	S.F.	100	100	11	CONSIDERING

- Conclusion: Law firms with 20 or more attorneys using WP equipment, having 40 or more attorneys total, are the most likely candidates for computer supported WP. These firms may have as few as only one WP machine now in use.

TIME MANAGEMENT, BILLING, AND ACCOUNTING SERVICES

Law firms interviewed in the first phase were asked about their use of billing services. Paradoxical responses were common. Firms not using services, having in-house computers or doing billing manually, also indicated billing service to be a desired application. Responses are tabulated in Exhibit III-3.

- 10 of 11 interviewed do not use billing services.
- 6 of 11 interviewed feel that billing and financial services would be of value.
- Conclusion: OSI should offer a billing and time management service and software package. Some are described in the Analysis of Competition in this section.

EXHIBIT III-3

RESPONSES REGARDING USE OF BILLING SERVICES

INPUT #	DO YOU USE A BILLING SERVICE?	WHAT SERVICE WOULD BE VALUABLE?
150	No. Previously did. Now on in-house computer.	LEXIS
151	No. Manual is more efficient.	Record keeping, fees, billing, G/L.
152	No.	None.
153	No. Don't believe in a "canned" bill.	Document Indexing.
154	No. Use Mag Card for bills over two pages.	Time and billing management.
155	No. In-house IBM S/3.	Time and billing, budget and management reports for in-house computer.
156	No. In-house IBM S/3.	--
157	Yes, via accounting firm.	Accounting.
158	No. In-house B700.	None.
159	No.	Accounting.
160	No. In-house IBM S/3.	Billing, payroll, project management.

OTHER SERVICES

• When interviewees in Phase 1 were asked, "Would you be interested in education or training of any of your staff in what is available, and how to use, computer support in your office?"

- 80% responded NO
- 20% responded YES

• The two firms responding YES, had 18 and 25 attorneys, and were located in Los Angeles and Dallas, respectively. Both wanted to receive a brochure from our client. Both have current or recent interest in LEXIS or WESTLAW.

• Conclusion - Clients expressed little interest in education or training. This appears to be a result of their not understanding what is being offered, and what services are available. Education is the major requirement. Users will get training from their vendors.

LITIGATION SUPPORT IS A \$5 MILLION INDUSTRY, AT 30-35% PER YEAR

• The automation of litigation support for law firms, law offices of major corporations, and government, exclusive of the strictly bibliographic type of research offered by LEXIS and WESTLAW, is controlled by four firms, accountable for \$4.7 million in revenues in 1975. These firms, in order of rank, are shown in Exhibit III-4.

• The total market, including revenues of OSI and others (who may not be specializing in law) will grow at a 30-35% annual rate from \$5 million in 1975 to \$21 million by 1980. 1980 will see an approximate 10% potential penetration.

EXHIBIT III-4

MAJOR VENDORS OF LITIGATION SUPPORT SERVICES

VENDOR	1975 REVENUES
Aspen	\$1.5 million
Bowne	1.2
CDC	1.0
Informatix	<u>1.0</u>
	\$4.7 million

- Those interviewed report willingness to spend between 1% and 2% of a given case on computerized litigation support.
- These expenditures include the input and output activities of coding, abstracting, printing, and word processing related to each case. The input-output activities represent a substantial portion of the revenues of the major vendors.
 - Aspen, CDC, and Informatics are heavy at the input end, doing systems analysis, training, preparation of documents, etc.
 - Bowne is heavy at the output end, particularly in high quality printing.

WORD PROCESSING IS A SMALLER MARKET FOR SERVICE

- An on-going relationship to provide WP services for other cases being handled by the firm may be either the entree to, or the consequence of, the WP done in support of a particular case being litigated.
- Most WP is done on in-house WP machines, such as IBM Mag Cards (predominantly), or Redactron type of equipment, or on emerging mini-systems such as offered by Daconics and Comptek.
- The current market for computer supported WP services in law firms and law offices, not related to litigation support, is not readily apparent, and is surely less than \$1 million per year at this time. Growth from a very small base should at least keep pace with the growth of litigation support, resulting in a \$2 million total revenue base by 1980, also representing a 10% penetration of potential.

- The main advantage of a service over an in-house system is storage capacity, and thus WP services would be most attractive where large numbers of documents need to be filed and retrieved, as in litigation support.

- Exhibit III-5 summarizes these market data.

EXHIBIT III-5

MARKET FOR WP AND LITIGATION SUPPORT SERVICES

SERVICE	<u>1975</u> ((\$M))	<u>1980</u> ((\$M))	<u>AAGR</u> (%)	<u>1980 PENETRATION</u> (%)
Litigation Support	\$5.0M	\$21.0M	33%	10%
Word Processing	<u>0.4</u>	<u>2.0</u>	<u>33%</u>	<u>10%</u>
TOTAL	\$5.4M	\$23.0M	33%	10%

COMPETITIVE ANALYSIS

• In the field of litigation support, and computer augmented word processing in law offices and legal departments, the major competitors, described here in detail, include:

- Aspen Systems Corporation
- Bowne Timesharing, Inc. (BTS)
- Control Data Corporation (CDC)
- Informatics

Aspen Systems Corporation is a 65% owned subsidiary of American Can Company, with 1975 revenues of \$3.9 million. There are two major divisions - Publishing, and Information Management. The publishing activity is mostly oriented toward the health industry. Information management is directed toward federal government and Commercial and Legal Services. Litigation support services, pioneered by Aspen over five years ago, represented 50% of the revenues in Information Management for 1975.

Aspen has 200 employees, 25 of whom are in EDP litigation support and state legal records. They currently provide all services in an RJE mode, but will have on-line, fully interactive ASPENSEARCH IV available by August 1976. Aspen also provides total turnkey systems utilizing their proprietary software, and staff of document classifiers who work under Aspen control at the client's facility.

Aspen publishes "The Litigator," a brief newsletter which describes their activities with clients and associations in the law field.

Input estimates their litigation support revenues to be \$1.5 million.

Bowne Timesharing, Inc. (BTS) is a wholly owned subsidiary of Bowne and Company, the oldest and largest financial printer in the U.S. In 1975, BTS accounted for 11% of Bowne's \$45 million in revenues, with a staff of 150 people (\$33K per year per employee). BTS is six years old, and is a leader in word processing, with more than 350 companies, organizations and agencies as clients. Clients include federal agencies, banks, consultants, CPAs, insurance companies, and utilities, as well as law firms in Los Angeles, New York, Chicago, San Francisco and Houston.

The basic word processing system, offered on a time-sharing basis is named WORD/ONE. Other products include MAILPAC and COMSPEC.

MAILPAC is BTS' automated list management system to personalize business mailings, prepare envelopes and labels. In 1975, the service was expanded to transmit Western Union Mailgrams.

COMSPEC provides specification preparation services to the architectural and engineering communities, and is the most widely used computer based specification preparation system. Used in conjunction with MASTERSPEC, a specification library, COMSPEC is used by over 900 firms.

BTS has nine U.S. offices, in San Francisco, Los Angeles, New York City, Washington, D.C., Philadelphia, Chicago, Atlanta, Houston, and Boston.

One of BTS sources of law office clients is its parent company which prints annual reports, 10Ks, etc. and is therefore a convenient entree to the legal community. In addition certain Supreme Court documents and papers to the Attorney General must be photo-composed, and BTS can offer this service via its parent to its litigation support clients. Some of their law clients have as few as 2-4 attorneys.

BTS operates a 370/155 with 3330 discs, and charges according to connect, CPU, and storage costs. Part of their sales effort includes gaining access to a potential client's office, counting WP machines and documents, and estimating the cost of their service.

About 25% of BTS activity is in law, including WP document preparation litigation support. Their major emphasis is in WP and document preparation. Second emphasis is on litigation support. Input estimates their current law revenues at \$1.2 million, with 2/3 (\$800K) in word processing and document preparation, and 1/3 (\$400K) in litigation support exclusive of document preparation.

Control Data Corporation (CDC) is organizing its Professional Services Division into "firms." Each firm has total hardware, software, service, and support responsibility for one specific industry. One such firm is the Law Support Group in Minneapolis, developed as a result of the IBM litigation of 1966-68, which resulted in CDC acquiring Service Bureau Corporation (SBC).

The group does market research and consulting in the law industry. They offer consulting and provide people for document discovery, screening archives, coding, indexing, abstracting, and full text retrieval. Their software is available for in-house installation. They offer international services in support of anti-trust, EEOC, stock fraud, patent, and other litigation. Foreign translation service is available.

Documents are put into machine readable form by CDC or client staff, and made available over CYBERNET, SBC, of the client's computer system.

The firm consists of 35 "professionals," e.g., economists, researchers, analysts, and legal support people. They fly out to the client's location,

set up the system, and turn it over to a local CDC office to maintain. Thus, they are available in any city with a CDC office. They are currently bidding a job in San Francisco (client unknown).

The CDC firm is largely in consulting and the provision of support people. The data processing activities are internationally distributed among the numerous CDC centers. Input estimates the total outside (non-CDC corporate) revenues at about \$1 million for these combined services.

Informatics offers a combined data base management system, and a batch retrieval system, under the product name RECON IV. Attorneys and technicians on the staff of the Legal Systems Department have been active since 1966, and in litigation management services since 1974. They provide computer software and services to corporate legal departments, law firms, and agencies, either on the client's computer, or by timesharing on dual 370/158s in New Jersey. Regional centers in Washington and San Francisco are currently providing litigation management services.

Over 100 specialists are engaged with full text, abstracted, keyworded, and taxonomic data bases. Data entry and clerical services are available at regional centers and project offices, providing data entry and copying.

Informatics considers litigation management services to be a very small and growing market in which a great deal of client education is required. Informatics has a total of 13 customers for RECON IV, some of whom are legal customers. The San Francisco office was newly opened in 1975 to support West Coast Clients of the litigation services.

Input estimates Informatics' litigation services revenues at \$1 million.

OTHER COMPETING FIRMS who did not directly offer litigation support services, but do (or were thought to) compete in the legal field include:

- Boeing Computer Services (BCS)
- Comptek Research
- Daconics
- Interstate Business Services
- Mead Data Central
- Memorex
- Micom Systems
- Sysgen, Inc.
- West Publishing Company

• Boeing Computer Services (BCS) offers a law office management system for firms with 20 or more lawyers. It keeps track of time, performance, and accounts receivable. It is available over BCS's network. The activity level is quite low, although it is reported used by some of Seattle's largest law firms.

• Comptek Research (Buffalo, NY) manufactures and sells turnkey systems for WP and accounting in law firms. The system is built around a Data General mini, with options on Selectrics, CRTs, Hi-speed printers, and discs. They currently have 30 firms nation wide, one in San Francisco. Other offices are in New York City, Atlanta, Buffalo, and Los Angeles. Data General provides the computer maintenance. The system is known as "Barrister."

• Daconics Corporation (Sunnyvale, CA) markets a 10 station shared word processing system built around an HP 2100. The system is not industry

specific, and there are only 2 or 3 law office clients. Most clients are in technical publications. A base system sells for \$45K with 2 terminals and a Diablo printer. Their optimum law office has 15-25 partners. The system stores up to 2000 pages on-line at one time.

- Interstate Business Services (Mansfield, OH) used to be in legal services, but sold out to Turner Assoc., Columbus, OH. Turner buys computer time from service bureaus and offers legal time management accounting services. IBS's other offering, Attorney Narrative Billing "died on the vine." Both packages are still advertised in ICP as being provided by Interstate.

- Mead Data Central offers LEXIS, one of the two most widely known and used document research and retrieval systems in the law support services marketplace. LEXIS is an electronic law library, which does not allow users to input documents as in litigation support services defined herein. None-the-less, Mead and LEXIS are helping to "make the market" in the use of computers in law. A LEXIS installation costs \$500 per month, plus \$125 per hour for terminal use. Mandatory training costs \$225 per person.

- Memorex, suggested by OSI as a possible vendor of legal support services appears not to be so. Numerous interviews including one with the V.P. of Sales and Service for the Equipment Product Group failed to yield any leads.

- Micom Systems, Inc. (N. Muskegon, MI) is a batch processing intermediary between law firms and local service bureaus in Chicago and

Muskegon. Their only product is a software package of 50 programs called Law Office Management System, which is a complete financial and billing package. Micom's clients are law offices with more than 20 attorneys.

- Sysgen, Inc. (Beverly Hills, CA) mainly provides turnkey mini computer systems to law, retail, and savings and loan institutions. They use Varian, DEC, and other minis, to run a product called ATARS (Attorney Time Analysis, Billing, and Accounts Receivable System). The programs can be purchased for \$25,000. The firm currently has 15 employees, and services the southwest U.S., mainly Los Angeles.

- West Publishing Company (St. Paul, Minn.) provides WESTLAW, a competitor of Mead's LEXIS - also a fixed data base document retrieval system for use in legal research. A WESTLAW installation costs \$1200 per month, plus \$2.50 per search. One day of optional training is free.

IV. TECHNICAL REQUIREMENTS

IV TECHNICAL REQUIREMENTS

• The lack of understanding of litigation support services by those interviewed makes clear that they are largely unaware of what is possible and/or available in the way of computerized support.

• Similar comments apply to WP. Those interviewed do not directly appreciate the potential advantages of computer support to their existing equipment. However, it is apparent that they recognize some of the short coming of their equipment, as they ask for improvements which can be offered by a service firm, such as:

- Faster and easier input
- Faster output ("play-out")
- Ability for communication between WP machines
- Easier training for use of the system

• The main requirement for litigation support is the provision of staff to analyze the problem, to set up systems and procedures, and to design input forms.

• If the client has staff available to do research abstracting, coding, etc., then they must be trained.

• If the client does not have the staff, the vendor must be prepared to perform all of those services for him, in a fairly short period of

time. In "The Litigator," Aspen describes a job where a 15 person on-site Aspen team did, "document acquisition, logging, screening, abstracting, coding, comprehensive taxonomies, and security management" of over 500,000 documents, and had the client ready for trial in less than four months.

• The main education problem for WP is in the use of the machines. Interviewees expressed the wish that it were easier to train operators to use the system. One firm reports that most attorneys do not use the WP center because their own secretaries would have to learn to operate the machines (there was no central WP operator).

V. MARKETING REQUIREMENTS

V MARKETING REQUIREMENTS

WHERE AND HOW TO SELL

- National coverage requires national access, but not national presence of expertise in law. OSI's major competitors use their own (or parent's) services offices around the country, but have their litigation support experts concentrated in one office. These experts go to the potential client to set up the system, and then manage or service the system from a local office.
- WP services can be sold and supported by the regular sales force out of each office; litigation services cannot. The WP sales activity need not be industry specific, as litigation support is. However, WP education, sales, training, and support activities in law firms and corporations with litigation law offices should be used to lay the ground work for calls by the litigation experts.
- Similarly, law office management, time accounting, and billing can be sold by the national sales force, into law firms, and used as an entree for the litigation staff.
- The main cities to be considered as primary targets for litigation support and legal WP are those identified by OSI (Los Angeles, Dallas, Washington, D.C., New York, Philadelphia, and Chicago), plus San Francisco

and, perhaps, Atlanta. Aspen, Bowne, CDC, and Informatics are all in process of opening offices, or have already opened them, in San Francisco. Thus, OSI must quickly make its San Francisco presence known. Being a local company will help. Having some San Francisco clients will also help, as word of mouth is an important reference for new work. Attorneys check with each other to find what is new and working.

• Advertisement and education are the most crucial items for penetration of this industry:

- Articles need to be written by OSI staff and clients, and published in law journals,
- Seminars must be staged,
- Attendance must be arranged at ABA and other law related associations;
- Presentations at local law schools, paralegal training schools, and office management schools will be helpful.

SUPPORT NEEDS

• Special support needs exist for litigation services, but not for WP services (except for ordinary operator training).

• Litigation support requires staff who understand the law office/firm business. One or more staff lawyers is necessary for the vendor's team.

• Many clients will require staff to screen, code, and input the legal documents to the system.

- Vendor personnel need to set up the system and its management, develop the input forms and output forms and output formats.
- Vendor personnel need to stick with the client for several months, and therefore a small group cannot handle many clients, especially if they are geographically separated. Thus, OSI's four person group could probably handle less than six clients a year, in California, without travel or additional sales/marketing responsibilities.

PERSONNEL CHARACTERISTICS

- Mainly, the personnel need to speak the user's language when dealing with potential clients.
- In house, a strong product manager, with a competence in budgeting, experience with P & L, and experience with sales and marketing planning is quite important.
- One or more attorneys must be available. At least one to make sales calls, and, desirably, another to work in the system design/development operation. An experienced paralegal is necessary in addition.
- For the WP activities, an experienced WP supervisor who knows and keeps up with new developments in hardware is essential. Mini-systems are the main threat to the services efforts in enhancing basic WP machines like the IBM Mag Card Systems.

LEAD TIME FOR SALES

- Litigation support is a case by case activity. Thus, the client

may have no advanced notice of his need for support. Once the case is on hand, he needs the service "right now." In general, a three month leadtime from discovery of need to system installation can be expected.

• It is important for the client to know about you before he has the need.

VI. STRATEGIES AND
RECOMMENDATIONS

VI STRATEGIES AND RECOMMENDATIONS

STAY IN SAN FRANCISCO UNTIL IT BECOMES A PROFITABLE MODEL CITY

- OSI should not market litigation services outside the San Francisco area at this time. San Francisco should be used as a model city of a profitably managed operation.
- The four person staff should be augmented with at least one attorney, and one well trained sales/marketing manager. The group should have high skills in law, project management, and sales.
- Litigation services should not be sold by the National Sales force.
- WP, office management and billing should be sold nationally, by the regular sales force. Law office sales should be used to gain entree for the litigation experts.
- An office management/billing software package should be acquired, not developed. Or, a small company offering such product(s) should be acquired. Some candidates are listed in the competitive section, and include SYSGEN and Turner Associates (see Interstate Business Services).
- Sometimes a law firm will become a client because his opposition is using a litigation support service. Although it is recognized that there is a great pressure for secrecy among law firms, significant

intelligence efforts should be carried out to identify competitors' clients. Major cases should be tracked in the press and in the legal information sources, and both sides of a major competition contacted. Corporate Annual reports, 10-Ks and registration statements should be screened for information regarding law suits.

- OSI should be prepared to sell or lease the litigation support software to a client with an in-house system.

- OSI should be prepared to provide a staff of skilled legal system support people for encoding, abstracting, indexing, etc. for the client who does not have the staff to do so himself.

THE MAIN ISSUE IN THE MARKETPLACE IS EDUCATION

- OSI should put on seminars at law schools. Associate Dean Joseph E. Leininger of the Stanford Law School is enthusiastic about a state-of-the-art (not too commercial) presentation at the Stanford Law School. Professors as well as students will want to attend. Phone him in the fall. (497-3515).

- OSI should arrange to be invited to meetings of the ABA Litigation Committee and the ABA Law Office Economics Committee. If direct participation in the meetings are not readily available (they are possible: Lewis H. Vovakis, Director of Commercial and Legal Services, Aspen Systems Corporation, presented a paper at a meeting of the ABA in Montreal) the committee chairman will assist with arrangements for a vendor hospitality suite in the conference facility, and will announce the fact of the vendor's presence and availability during conference breaks. The chairman of each

committee of interest should be contacted.

- Articles need to be written and published in ABA journals, New York Law Journal, etc. These should preferably be written by attorney users, or law association users. Free limited use of an OSI terminal by the ABA or other prestigious association or University should be considered.

- Demonstrations in conjunction with other meetings are important.

Associations/meetings, include:

- Practising Law Institute
- Defense Research Institute
- Word Processing Conference (Hilton Hotel, New York City, June 22-24, 1976)
- Other law schools
- Law Office Managers' Association

SCHEDULE OF EVENTS

- 1. First, make San Francisco profitable
 - Develop an inexpensive, pictorial, simple brochure that explains your litigation support products.
 - Give it a name. Firms could remember LEXIS, WESTLAW, BARRISTER, etc., but not the vendor's name.
 - Set up a mail and personal contact schedule that reaches every law firm in San Francisco with more than 25 attorneys. This is surely less than 50 firms, and should be covered in three months.

- 2. Hire an attorney to augment the staff, to write articles, to arrange for articles to be written by other attorneys, and to make friends with the ABA.
- 3. Hire and train an extra staff member for expansion into Los Angeles, following an all out effort to sell WP in Los Angeles law firms.
- 4. Acquire an office management/billing software package or firm. Market the product through OSI's regular marketing force.
- 5. When it all works, move to another city of choice.
- 6. Re-examine this plan and OSI's position in 18 months. OSI should have reached a revenue level of \$1M per year in California by then, in litigation support services.

APPENDIX I

AUTOMATED LEGAL SERVICES INTERVIEWS

Qualification and Descriptive Data

1. (check one) Law Firm _____ Corporate Law Office _____
Major Industry: _____
2. Number of attorneys? _____ (20 or more to qualify)
3. Number of attorneys in litigation work? _____ (more than 5 expected)
4. Number of legal assistants? _____
5. Number of equivalent full time secretaries? _____
6. Number of clerical, administrative employees? _____
7. What kind of law is practised? (check all that apply)
- | | |
|--------------------------|-----------------------------------|
| _____ Anti-trust | _____ Labor law |
| _____ Securities fraud | _____ Discrimination class action |
| _____ Breach of contract | _____ Patents & trademarks |
| _____ Other (describe) | |

Litigation Services

8. How many depositions would your firm/office take in a year? _____
9. How many current cases do you have involving 10 or more depositions? _____
10. Overall, how many pages long is your average deposition? _____
11. How much "discovery" work does your firm/office do? (Let him answer in his own words, re: number of case loads, number of documents, etc. What does he mean by one document?)

12. Is your office/firm currently using, or have you used in the past, any data processing services for accumulation, filing, coding, indexing, researching, or organizing data or documents for use in litigation work? (Circle a or b)

a. Yes. (proceed to next question)

b. No. (Skip to Q# 19)

(Save non-litigation word processing for Q# 28)

13. From whom do you get computer support for litigation?
(Get name, phone #; identify as vendor, in-house, another law firm/company, or law client's EDP)

14. What services do you get from him?

15. Are you satisfied with the arrangement? _____

16. What is the cost to you for litigation-support services?
(prefer range of monthly expenditures)

\$ _____

17. On a given case, what percent of total fees, or total exposure (cost of losing the case) would you expect to spend on litigation support EDP?

_____ % of total _____

18. What are the criteria you use to select a supplier of EDP services for litigation support?

19. Whom would you consult to get information on what is available in data processing services support for litigation?

19a. Do you know of anyone who provides these services yourself?

If Q# 12 was answered YES, SKIP to Q #22

NO , CONTINUE to next Q

20. Have you ever seriously considered using a computer or data processing service to support your litigation activities? (Circle a or b).

a. YES. Ask, "What happened?"

b. NO . Ask, "Why not?"

21. Under what circumstances might you consider using a computer services vendor in the future, to assist you in your litigation work?

22. Are you aware of any work due to come up soon that might cause you to consider computer services support?

23. When might that be? _____

24. How long does it usually take between the time you decide to use computer services on a case, and when you actually begin using it?

25. What do you consider to be the most valuable service(s) you (could) receive from a computer services vendor, in support of your litigation activity?

26. In other phases of your legal activities, what data processing support would you consider valuable? (e.g., statute or other data bases, calendar/case load management, forecasting/modelling)

27. How much would you be willing to pay per case to get all the computer services you would like to have, in support of,

a. Litigation? \$ _____ or _____ % of _____

b. Other (#26 above) \$ _____ or _____ % of _____

(End of litigation questions)

Word Processing (WP)

28. Have you had, or do you currently have, word processing equipment in your office/firm (e.g., IBM Mag Card, Redactron, or other editing machines? (Circle a or b., Indicate past or current)

a. YES. Ask: 1. How many? _____ (expect 2 or 3 per atty)

2. What kind?

3. WP center, or individual units? _____

4. How many attys. actively used WP? _____

5. Did/do they like WP? _____

b. NO. Ask, "Why not?", and SKIP TO Q# 33

29. For what major applications did/do you use the machines?
(Indicate past or current usage).

_____ Wills, contracts, leases

_____ Corporate minutes

_____ Mailing Lists

_____ Form Letters

_____ Other (describe):

_____ Pleadings, (briefs
or interrogations)

30. Have you seriously considered using a computer in conjunction with your word processing machines, to expand your capability? (Circle a or b).

a. YES. Ask, "What happened? (kind of computer used?)?"

b. NO. Ask, "Why not?"

31. How long would it take from the time you decided to use a computer in support of WP, until you actually began to use it?

32. What new services or improvements would you like to see in word processing?

(End of WP questions)

33. Do you use a billing service? (Circle a or b)
- a. YES. Ask, "Which one?"
- b. NO. Ask, "Why not?"
34. How much do you pay/would you be willing to pay, per month, for computerized billing services? \$_____per month
35. Would you estimate what percentage of total fees goes for all your data processing applications? _____%
36. Who would you consult on what is available in computerized applications in support of your legal activities? (City, phone)
37. Would you be interested in education or training or any of your staff in what is available, and how to use, computer support in your office?
- Yes_____No_____
38. Would you like our client (OK to mention OSI if asked) to contact you to provide such information?
- Yes_____No_____

Name_____

Title_____

Phone () _____

APPENDIX II

May, 1976

1. How many attorneys are there in your firm? _____
2. How many of them are involved in litigation? _____
3. Is your firm currently using, or have you used in the past, any computer processing services for accumulation, filing, coding, indexing, researching, or organizing data or documents for use in litigation work? (Circle a, b, or c)
 - a. Now using (proceed to Q# 4)
 - b. Used in the past; not using now. (Proceed to Q#4)
 - c. Never used. Ask, "Under what circumstances would you consider using a computer service for litigation support in the future?"
4. From whom do/did you get computer support for litigation? (Identify as vendor, inhouse, another law firm, client)
Name: _____ Phone: () _____
5. What services do/did you get?
6. Are/were you satisfied with the arrangement? _____
(If answer is "Yes", and is no longer using, ask, "Why did you stop?")
7. On a given case, what percent of total fees (or exposure) would you expect to spend on computer support for litigation?
_____ % of _____
8. What is/was the average monthly cost? \$ _____ per month
9. Where would you go to get information on what is available in computer support services for litigation?
10. Who would initiate the request for such service in your firm?
11. Who would give final approval to go ahead?

12. How would you select a supplier once approval had been granted to go ahead?

13. Do you know the name of any firm which offers such services?

14. Would you like our client to contact you? Yes_____ NO_____

Person interviewed: (If different from cover sheet)

NAME: _____ TITLE: _____

Interview Notes

WORD PROCESSING (WP)

15. Have you had, or do you currently have, word processing equipment in your office (e.g. IBM Mag Card, Redactron)? (Circle a or b. Indicate if no longer in use)

a. YES. Ask: 1. How many? _____

2. What kind? _____

3. WP Center, or individual units?

4. How many attys. actively use WP? _____

5. Comments?

b. NO. Ask, "Why not?", and end interview after response.

16. For what major applications do you use WP?

17. Have you considered using a computer in conjunction with your WP machines, to expand their capability? (Circle a or b)

a. YES. Ask, "What happened?" (kind of computer/service used)

b. NO. Ask, "Under what circumstances might you consider it?"

18. Where would you go to get information on what is available?

19. Who would initiate the request?

20. Who would give final approval to go ahead?

21. Do you know any firm which provides computer support to WP?

22. How much would you expect to spend for such a service?

Person interviewed: (If different from litigation interviewee)

NAME: _____ TITLE: _____

23. Would you like our client to contact you? Yes ____ NO ____

